

# Air Force Implementation is Off the Ground

*Richard W. Lombardi*

**T**he Air Force was ready to run with a plan when Better Buying Power (BBP) 2.0 was released on April 24.

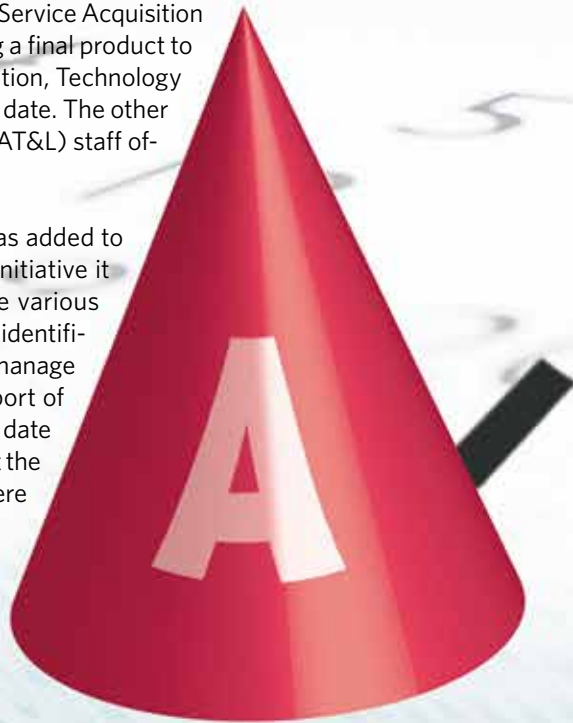
During the “draft phase” for BBP 2.0, beginning last November and finishing in January, the Air Force planned how we would implement the initiatives and track our progress on each of the 34 initiatives outlined in the April 24 BBP 2.0 memorandum. We are wholly engaged, and I fully support the Better Buying Power 2.0 initiatives. William LaPlante, Principal Deputy Assistant Secretary of the Air Force for Acquisition, commented, “Better Buying Power 2.0 represents the foundation of how we will perform acquisition in the Air Force, and Lt. Gen. Davis and I are committed to its implementation across our programs and organizations.”

The 34 initiatives are in seven focus areas. Each focus area represents a broad, top-level, best-practice approach to an efficient and more effective way of strategically managing acquisition processes.

It is a challenge to manage, track and ensure the Air Force is implementing these concepts. We first identified the tasks assigned directed to the Services in the Memorandum. In 29 of these tasks, the Service Acquisition Executive (SAE) is responsible for providing a final product to the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(ATL)) by a specific due date. The other tasks are led by various Office of the USD(AT&L) staff offices.

Once we identified each Service task, it was added to a scheduling tool and categorized by the initiative it supported. The scheduling tool tracks the various milestone dates for each task and includes identification of a team lead and action officer to manage a particular task, a “30 day out” status report of task progress, and, of course, the final due date and product to be delivered which closes out the particular task. Finally, points of contact were

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identified for each of the Service tasks. These points of contact (team leads/action officers) will deliver guidance, policy, recommendations or a final product to the field in support of promoting and implementing the initiative to which they are assigned. The scheduling tool compresses the entire BBP 2.0 memorandum tasks assigned to the service acquisition executive (SAE) into a "Big Picture" view for simplicity and easier tracking.

The Air Force is now in full swing of tracking and managing each of the tasks listed in Figure 1. Once a task is complete, the team lead/action officer will submit the final product through the chain of command for final approval by the Assistant Secretary of the Air Force (Acquisition) (SAF/AQ) and submission to USD(AT&L).

### **BBP 2.0 Air Force Communications and Actions Implemented**

Communication is the key to any successful initiative. The Air Force has been providing our program executive officers (PEOs) and program managers (PMs) with multiple communication tools to help spread the BBP 2.0 ideas and techniques. These tools include an overview of BBP 2.0's initiatives, their intent, and helpful resources. Several policy memos have been distributed, including a "Should-cost Expectations" memorandum that redefines the Air Force's should cost management and waiver procedures and the "Reducing Frequency of Higher Headquarters Review" memorandum which tracks all the Headquarters Air Force and Office of the Secretary of Defense-level reviews over a 6-month period to understand the burden being placed on programs for reviews.



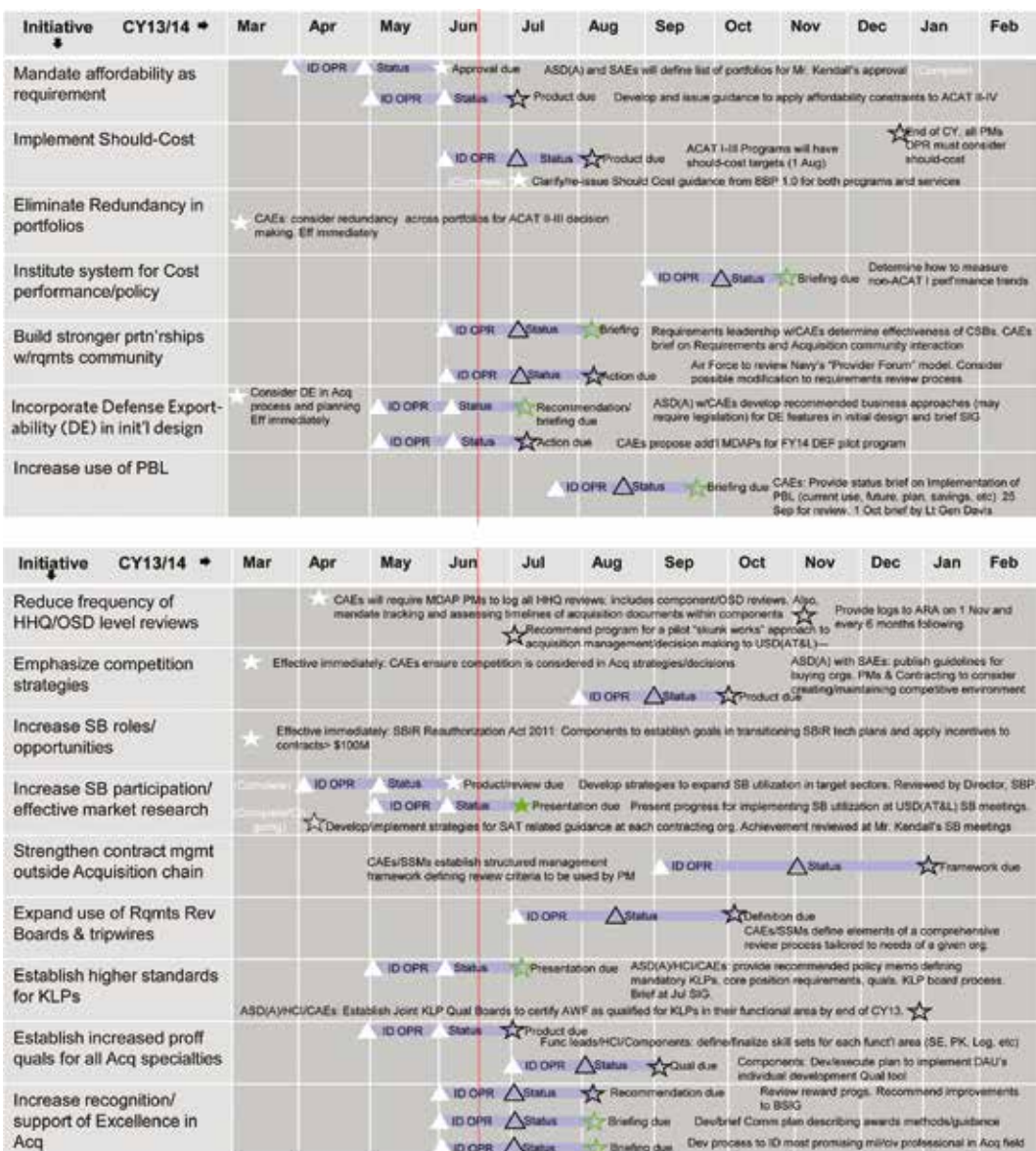
The Acquisition Excellence and Change Office, SAF/AQXC, distributes Air Force-wide a monthly newsletter titled, *The PM Gazette*, which includes a dedicated column for BBP 2.0 updates and news. Bi-weekly teleconferences are held between Air Staff's Acquisition Center of Excellence (ACE) and all of the ACEs at the Space and Missile Center and Life Cycle Management Center Operating Locations and Air Logistics Complexes to discuss any updated information regarding BBP 2.0.

Additionally, the SAF/AQXC portal page has a "Better Buying Power 2.0" link that includes the most up-to-date information and news. My plan is to visit various Operating Locations and Air Logistics Complexes to promote BBP 2.0. These events will focus on discussions of lessons learned, benchmark practices, and general feedback of BBP 2.0 implementation from the field.

SAF/AQ has been positioning its workforce to focus much of its energy and priorities through several major endeavors: requirements performance tradeoffs, the should cost initiative, and program integration. The Air Force acquisition community has been working aggressively with the requirements community to ensure that during the definition of requirements, affordability is always a key consideration. Under the should cost initiative, the Air Force has put great emphasis in this area, and the projected savings in Fiscal Year 2013 (FY2013) will significantly exceed those realized in FY2012.

Meanwhile, to support a more forward-leaning workforce, SAF/AQ leadership has redefined program integration as a process that can adapt a current program's resources into a more robust decision-support capability by corraling and synchronizing its knowledge and information. Between these initiatives, results already are visible and the expectation for

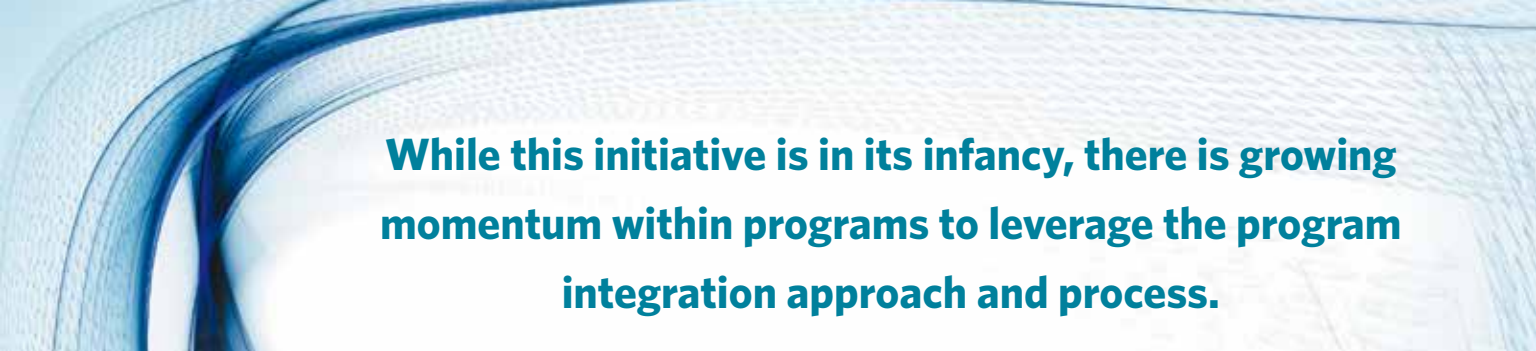
**Figure 1: Air Force BBP 2.0 Implementation Schedule Example**



a more critical thinking, functionally diverse workforce is within reach.

Today, the Air Force requires that affordability discussions take place at all General Officer-level requirements and acquisition forums. Programs need to show what life-cycle cost vs. capability tradeoff analysis they have conducted when they come forward for Air Force Requirements Oversight Councils, Air Force Requirements Review Group meetings, Air Force Review Boards and Configuration Steering Boards. These requirements were established to ensure that affordability is used to inform decisions throughout a program's acquisition life cycle.

Since the publication of the Air Force Will-Cost/Should Cost policy, Air Force Acquisition leadership has begun reviewing program Should-Cost status during Investment Budget and SAE Reviews. The result has yielded a more intense focus on



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resources and contract maximization. For example, the MQ-9 program combined aircraft buys with initial spares procurement to gain favorable contract negotiations and reap cost savings.

The Air Force is expanding the training initiatives to focus and enhance the capabilities of the acquisition community by working with the University of Tennessee to develop and provide should-cost training. Beginning with a series of 2- to 3-day workshops this summer at the respective acquisition centers and complexes, tailored instruction will be provided utilizing a combination of training sources that may include the Defense Acquisition University and computer-based training. The objective of this training will showcase areas where programs can potentially find efficiencies to reduce overall costs.

Over the past year, SAF/AQX established a Program Integration Working Group team to engage programs and center support staff on ways to better provide information and analysis to a PM without adding more personnel. The result, documented in the *Program Integration Handbook*, has been a process that links 13 activities within a program to highlight areas of change, forecast implications and find ways to handle or mitigate the situation for improved life-cycle performance. While this initiative is in its infancy, there is growing momentum within programs to leverage the program integration approach and process. Today, there are 35 programs adapting program integration to their own program's resources, complexities and maturities, and that number is growing with each passing month.

### Better Buying Power Success Stories

Although the Air Force still early in the implementation phase, there are several recent success stories and actions taken by the Air Force that have a permanent, positive effect resulting from a particular action area of BBP 2.0. The KC-46 Tanker, F-22 Raptor, Evolved Expendable Launch Vehicle (EELV), C-130J Program, T-38 Wing Torque Box Source Selection Team, Electronic Attack POD Upgrade Program (EA PUP) and the U.S. Air Forces in Europe (USAFE) are just a few of the programs/teams the Air Force can highlight among many others that have fully embraced the concepts in BBP 2.0 and have seen the advantages of applying BBP principles.

The KC-46 Program consists of 179 tankers that will replace the fleet of aging KC-135 tankers. It is a multi-role aircraft able to perform air refueling, and cargo, passenger and patient transport. The program is in the engineering manufacturing

and development phase with a fixed price incentive contract with the government liability capped at \$4.9 billion. This is much more advantageous vs. a cost plus type contract. All 179 production aircraft already are priced in the contract, which contains variable quantity matrices for options. Overall, this program contains limited government furnished equipment, extensive data rights, and license purchased up front, and a fuel burn clause. The alignment with BBP 2.0 consists of the competitive nature of the program that has led to significant savings for the DoD and taxpayer. Building competitive options into the strategy has led to extensive up-front procurement of data rights and addition of a commercial parts pool.

The F-22 Program has reaped the benefits of implementing BBP 2.0 concepts. Its Increment 3.2A program was given a proposed cost of \$212 million. By utilizing should-cost management practices and principles, a savings of approximately 15 percent was realized in final contract award cost of \$180 million. The \$32 million saved during negotiations was based off analyzing program management oversight, parametric analysis models, and engineering levels required, and simplifying software testing procedures. By questioning and challenging these cost drivers, the program was able to realize significant savings. The F-22 Increment 3.2B proposed program cost of \$363 million applied the same should-cost management practices and principles. This resulted in an 11 percent reduction in final contract award cost of \$329 million. This \$34 million savings during negotiations was caused by challenging the estimate on unit testing and program management procedures, analyzing productivity factors and proposed fees. A lesson learned is to conduct the should-cost review after proposal receipt and then use a "bottom up," "top down," and parametric data during negotiations to reduce overall cost.

The EELV conducted an extensive should-cost review which consisted of approximately 50 or more individuals working for 6 months preparing for negotiations on a follow-on launch capability contract. As a result, 63 percent of the costs were removed from Range Support, commodities, and licenses.

The C-130J Program promoted acquisition excellence to enhance, produce, and sustain the \$14 billion C-130J fleet of 168 United States Government (USG) and 22 Foreign Military Sales (FMS) aircraft. As a direct result of implementing BBP's Focus Areas and Initiatives, the C-130J program delivered notable results in affordability, controlling cost growth, and reducing nonproductive processes. The program office practiced affordability as a requirement through the stand-up of an

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enterprise-wide Joint Council on Affordability. This collaborative arrangement promoted a more efficient and informed use of scarce internal research and development funds. This led to production line improvement initiatives saving nearly 700 hours of touch labor per aircraft.

Fuel efficiency initiatives are at work with the projected goal of saving \$30 million per year in fuel costs across the Air Mobility Command (AMC) fleet due to the stand-up of this Joint Council. The program office reevaluated its test strategy to consider the most cost-effective means and identified a change in test venue that would save \$5 million to \$7 million. The team formulated and executed a strategy that takes advantage of the efficiency of a single collective purchase rather than individual customer orders. Grouping aircraft buys reaps considerable benefit to the U.S. taxpayer through the realization of economic order quantity efficiencies. This approach, which eliminates redundancies and unneeded costs, saved more than \$90 million during the last lot buy, securing two additional aircraft through realized savings.

To create shorter production schedules and foster a “win-win” government contractor environment, the C-130J team paired with Defense Contract Management Agency (DCMA) and industry personnel and conducted significant upfront planning. This led to a stable and more economical production rate of 36 aircraft per year (a rate not seen for nearly 15 years), a 38 percent decrease in DCMA-performed product audit assembly, and 15 percent decrease in product audit end inspection findings over the previous year.

To reduce nonproductive processes and bureaucracy, the team formed an early partnership with the prime contractor, DCMA, and Navy C-130J procurement office stakeholders and streamlined the request for proposal-to-contract-award process timeline by targeting a contract award in 365 days. This is a 480-day reduction from their most recent experience.

The T-38 Wing Torque Box Source Selection Team made a competitive award of the T-38 Enhanced Wing Torque Box and achieved \$101 million savings as a direct result of implementing BBP 2.0's affordability, controlling costs, incentivizing productivity and innovation in industry, and promoting effective competition initiatives.


Regarding affordability and cost growth, the team procured data from the original equipment manufacturer and directed

the timely design and replacement of the T-38 Dash 29 wing with the enhanced Dash 33 wing. This made possible a savings of \$101 million by allowing competition for the remaining requirement of 103 Wing Torque Boxes and extended the aircraft's effective service life, for a 76 percent increase in the “Introduction to Fighter Fundamentals” training.

To incentivize productivity and innovation, the T-38 Wing Torque Box team executed its strategy and delivered a competitive future year firm fixed price option with variable price bands that maximized buying power leverage with quantity discounts, realized a cost savings to the government through phasing stable minimum orders, and allowed the contractor economical production rates without breaks in manufacturing. Overall efforts led to cost savings, better quality, and a more efficient long lead supply chain.

To promote effective competition, the T-38 Wing Torque Box team evaluated market conditions, government requirements, independent government estimates, and historical price increases of the wing from contract to contract, to develop an innovative and competitive acquisition strategy to support through 2020. It was decided to make a \$2 million data procurement investment to remove a competitive barrier and convert the T-38 enhanced Dash 33 wing from an original equipment manufacturer sole-source situation for the initial 53 units to a competitive follow-on for 103 additional units. This increased the government vendor base from the existing single source to three qualified manufacturers.

U.S. Air Forces in Europe was able to save \$57 million on a back-to-basics approach on its six largest acquisitions by encouraging early industry involvement to enhance competition, performing a joint scrub of service requirements with user and industry, streamlining evaluation processes for source selections, and dedication from the entire acquisition team.

Better Buying Power 2.0 already has reaped great benefits for the U.S. Air Force. Our PEOs and our PMs are on board and are working hard to make these common-sense initiatives and better ways of conducting our business a permanent way of life in the acquisition business. I hope that all Airmen, uniformed, civilian and contractor will continue to embrace these best practices and help us fly, fight and win! 

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